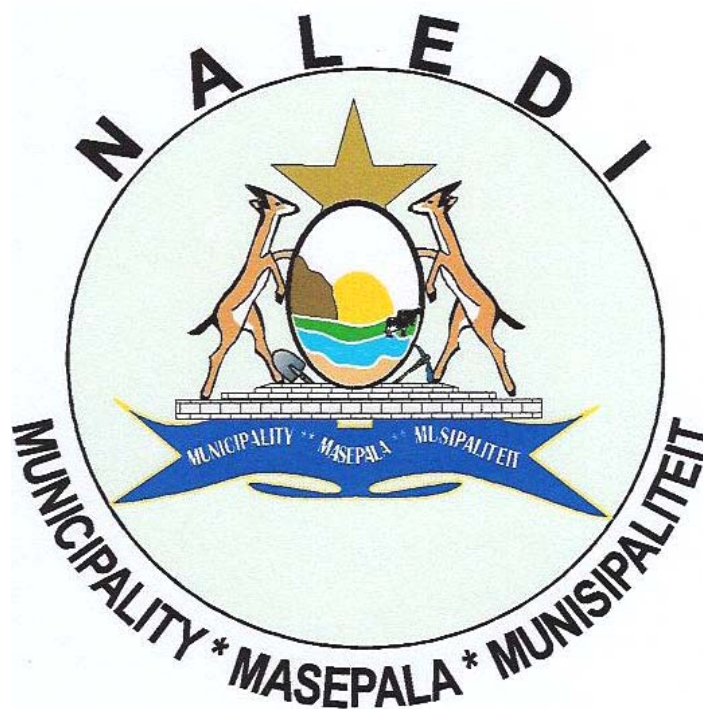


# NALEDI LOCAL MUNICIPALITY



## **2012/2013 TO 2014/2015 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL BUDGET DOCUMENT**

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**ADDITIONAL DOCUMENTS**

- Annexure A     Integrated Development Plan 2012/13 to 2016/17  
Annexure B     Policies as set out in Par 4.2  
Annexure C     Rates and Tariff for the rendering of Municipal Services 2012/13

## Part 1 – Annual Budget

### 1.1 Mayor's Report

Two weeks before his 1993 assassination, Chris Hani said: "I think, finally, the ANC will have to fight a new enemy. That enemy would be another struggle to make freedom and democracy worthwhile to ordinary South Africans. "Our biggest enemy would be what we do in the field of socioeconomic restructuring. Creation of jobs, building of houses, schools, medical facilities, overhauling our education, eliminating illiteracy, building a society which cares, fighting corruption and moving into the gravy train of using power and government position to enrich individuals. "We must build a different culture in this country, different from Africa, different from the Nationalist Party. And that culture should be one of service to people."

This budget is buttressed by our electoral mandate of doing more and better in our quest for building a better life for all. The Premier, in the tabling of the State of the Province Address in February, reiterated that the five strategic priorities of education, health, decent work together with sustainable livelihoods, rural development and community safety, constitute a cardinal programmatic framework of Government. He also indicated that infrastructure development, local government and human settlements will also have significant prominence in our work. As the municipality, we are challenged to do more with limited and scarce resources to overcome the triple problems of our time and community, unemployment, poverty and inequality. When freedom was attained in 1994, South Africa inherited a problem of structural unemployment, which goes back to the 1970s. Employment continued to deteriorate in the 1990s and the early 2000 due to slow growth and declining employment in gold mining and agriculture.

We are tabling this budget at the backdrop of the recent global economic crisis that has had an impact both to our country and local municipalities. Perhaps as the sphere of government that is closer to our people, we are the one who bears testimony of the daily hardships of our people. As a developmental municipality located at the centre of triple challenges alluded to above, we see our role as being to lead and guide the resources in our disposal and to intervene in the interest of the poor given the history of our country. For a developmental state to be realised, necessary capacity will have to be built in the municipality. That is the reason why we welcome the call made by the premier during his state of the province address of assisting struggling municipalities including our own with resourceful persons so that we can deliver to the expectation.

We shoulder the responsibility to build a better South Africa. We have taken on the challenge that the legacy of apartheid left us – a legacy of disempowerment, landlessness, inequality of opportunity, and millions of unemployed young people who cannot see a realistic prospect for a decent life. Confronting these realities is not about blaming the past or denying our own shortcomings.

It is about recognising that now is the time to do extraordinary things, in dealing with our particular development circumstances. It requires new ideas and bold efforts from all: government, business, labour, communities and every family. We must show that we are equal to the task that we have set ourselves for. We need to do this in order to inspire hope to our people, youth in particular.

It is the resolve of this council, to ensure that this budget is biased to infrastructure spending. The problem of water and sewer need our urgent attention so that we are able to deal with this problem finally.

Despite the small fiscus, which invariably limits the extent which we may go in implementing urgent and critical tasks facing us, it is the quality of our decisions that will make the difference.

We have attempted to sketch the background that informs and guides this budget.

We hope that the noble intentions that we seek to achieve will be realised so that we can mitigate our challenges going forward. We set ourselves an ambitious target to achieve clean audits in our municipality by 2014. This will require consistent effort on the part of all of us to do things correctly according to the book. We have moved from adverse audit opinion to disclaimer. This is not enough we need to strive for excellence.

This budget is aligned with the Integrated Development Plan that the municipality has gone to a great deal to include the public at large in its drafting. We have ensured that we are able to table documents that reflect the aspirations of our people. It is indeed that during this month of the Freedom Charter we leave no stone unturned in realizing the dreams and the demands of people when they declared that no government can justly claim authority unless it is based on the will of the people, it further states that the people shall govern. Both the budget and the IDP were subjected through a tough process of public scrutiny. This is essential not for the purposes of complying only, but for ensuring that we come up with credible documents. We are indeed very proud that our IDP is not a product of consultants, but an organic document at its best.

Indeed the darkest hours are before dawn, we are confident of the future because it belongs to us. The total value of the budget is R100 million and it is a surplus budget of R1.9m. I need to immediately indicate that the R1.9m is not cash in hand but it is as a result of our projections especially of revenue. The municipality is not financially sustainable as approximately 90% of our income is depended on grants. There has been a small increase in revenue from 6% to 8%. This is as a result of the growing numbers of indigents in our communities.

Over the last three to four months we had a vigorous campaign of updating our indigent register; we hope that the campaign will bear fruits sooner than later. We are worried that although efforts have been made to increase spending on infrastructure and on repair and maintenance, we are still not doing very well. This is due to many competing challenges we are confronting. We are spending 17% and 1% on infrastructure and repair and maintenance respectively.

Of the R17m that is going to be spent on infrastructure, the following key capital projects will be funded.

1. Paving of internal streets in Naledi
2. Low level bridge in Wepener
3. Waste water treatment works
4. Households connection to the sewer pump station
5. Households electrification in Vanstadensrus
6. Multipurpose sports complex
7. Installation of water meters

8. Elevated tank and interlinking pipeline.

There were pressures put to the salary bill arising from the report of the Auditor General. These are about filling of critical posts in Supply Chain Management and Budget office. We also had to deal with an outstanding legal matter of bargaining council that relates to us filling critical posts in the Corporate Services and other units. These pressures put our salary bill to 23% of the total budget.

We have also budgeted for a partial bursaries that will be awarded to needy students, one in each town of the amount of R15 000 as way of intervening in the ever increasing plight of our youth.

I thank you.

## 1.2 Council Resolutions

On the 15 June 2012 the Council of Naledi Local Municipality met at the Town Hall in Dewetsdorp to consider the Annual Budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Naledi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1 The Annual Budget of the municipality for the financial year 2012/2013 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 25

- 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 10 on page 29

- 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 11 on page 30

- 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 6 on page 21

- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1 Budgeted Financial Position as contained in Table 12 on page 31

- 1.2.2 Budgeted Cash Flows Statement as contained in Table 13 on page 32

2. The Council of Naledi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 ,the following tariffs as set out in Annexure C

- 2.1 Property rates

- 2.2 Electricity

- 2.3 The supply of water

- 2.4 Sanitation services

- 2.5 Solid waste services

- 2.6 Cemeteries

- 2.7 Town Planning (Building Plans)

- 2.8 Posters and distribution of handbills
  - 2.9 Credit control charges (Penalties and Fines)
  - 2.10 Rental of municipal facilities
  - 2.11 Library fees
  - 2.12 Supply of information
- 3 The Council of Naledi Local Municipality approves the newly designed Integrated Development Plan for the period 2012/2013 to 2016/2017 as set out in Annexure A.
- 4 To give proper effect to the municipality's annual budget, the Council of Naledi Local Municipality approves:
- 4.1 That the cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2 The adoption and the implementation of the following policies, attached as Annexure B
    - Rates Policy
    - Tariffs Policy
    - Credit Control and Debt Collection Policy
    - External Loans Policy
    - Bad Debts and Write off Policy
    - Investment and Banking Policy
    - Virement Policy
    - Indigent policy
    - Supply Chain Management Policy
  - 4.3 That the Municipal Manager be authorised to sign all necessary agreement and documents to give effect to the capital and operating programme.



### 1.3 Executive Summary

The compilation of the annual budget for the 2012/13 financial year as well as the MTREF remains to be affected by the legacy issues affecting the eco-political environment from which the municipality operates. Nevertheless sound financial management principles were applied during the compilation and adoption to ensure that municipality remains financially viable and that all municipal services are provided sustainably, economically and equitably to all communities.

The challenges emanating from economic factors within the jurisdiction of Naledi Municipality remains to be the key limitation that affects the municipality's ability to collect sustainable revenue from the provision of services; this in turn causes more financial constraints and further limits the ability to provide services to communities and the achievement of strategic objectives of the municipality. Where appropriate, priorities were ranked and programmes and projects were reviewed and analysed according to their impact, relevance and financial viability. A critical review was conducted to identify expenditure related to non-core functions and "nice to have" to ensure that due to limited financial muscle, the municipality should only prioritise programmes that add value and respond to service delivery imperatives.

The 2012/13 annual budget was also affected by the demarcation process that resulted in the municipality having to realign their strategic planning and budgetary processes from that of Motheo District Municipality, in order to coincide with the processes of the new municipal district of Xhariep. The realignment directly impacted on the municipality's resource base and further compounded its financial challenges and the ability to complete all outstanding prior year programmes and project which were previously financed by the previous district council.

The provision of main services remains the responsibility of the municipality, however over the years the municipality entered into Service Delivery Agreements with the service providers of water and electricity. The municipality has to focus on the development of the financial recovery plan, and thereafter develop a revenue enhancement strategy to optimize their collection of debts owed by the customers; this shall be made possible only by the complete and stringent implementation of the council's Credit control and debt collection policy. In addition, proper management of existing debtor's accounts which are regularly verified and monitored will ensure that only valid customers are billed on time, with the correct rates and at the correct consumption levels of services. The Council will shall be monitor the implementation of initiatives by means of quarterly reports to council on the progress made and the recovery and collection levels on all outstanding customers.

The National Treasury's MFMA Circular No 58 and 59 were used to guide the compilation of the 2012/13 MTREF. The main challenges experienced during the compilation on the 2012/13 MTREF can be summarised as follows:

- Continuous and constant international, national, provincial, regional and local economic pressures;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to re-prioritise projects and expenditure within the existing resource envelope subject to cash flow limitations and declining cash reserves of the municipality;

- The increased cost of bulk electricity (due to tariff increases by Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- The increased cost of bulk water (due to tariff increases by Bloem-water), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable, and lack of proper management of alternative sources. (I.e. performing the task providing water services internally due to lack of technical capacity and financial resources.);
- Inability to properly account for distribution losses on bulk water purchases due to excessive water leakages emanating from inadequate budgeting for repairs and maintenance resulting in potential revenue being forfeited;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The municipality's lack of financial viability to raise borrowings for capital expenditure;
- Migratory patterns along the Lesotho border which is directly affected by the provision of services to foreigners who do not qualify to as indigents; and
- Inability to collect more revenues as a result of high unemployment rate and inadequate and/or lack of sustainable economic activities

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF.

- The 2011/12 Adjustment Budget priorities and targets ,as well as the base line allocations contained in that Adjustment Budget were adopted as the upper limits for the new baselines of the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives ,targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in

the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

- There will be no budget allocated to the Xhariep District Municipality, Centlec, Mangaung Metropolitan Municipality and/or any other organ of state unless the necessary written confirmation is provided;
- All other possible factors which shall have a direct impact on the 2012/13 annual budget and which were not catered for on or before the approval of this annual budget, shall be factored through a budget adjustment process

In view of the above mentioned factors, table 1 listed below, is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework

**Table 1 - Consolidated Overview of the 2011/12 MTREF**

R Thousand	Adjustment Budget	Budget Year	Budget Year	Budget Year
	2011-2012	2012-2013	2013-2014	2014-2015
<b>Total Operating Revenue</b>	48 871	82 750	92 444	103 919
<b>Total Operating Expenditure</b>	48 816	80 813	85 608	89 257
<b>Surplus/(Deficit) for the year</b>	55	1 937	6 836	14 662
<b>Total Capital Expenditure</b>	<b>15 652</b>	<b>19 739</b>	<b>24 034</b>	<b>32 864</b>

Total operating revenue has grown by R 33,879 million (69.32%) for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue shall increase by R 9,964 million (11.71 %) and R 11,475million (12.41%) respectively. The increment on operating revenue is caused by items such as property rates, this was resulting from the municipality finalising all legal matters relating to the valuation roll, as a result the municipality is in position to recover revenue from properties which were still subject to objections submitted to the Valuation Appeal Board. Projection has also been made for the revenue recognised on the VAT claimed as well as interest earned from external investment. In addition, during the 2012/13 annual budget the inclusion of revenue recognised from the provision of Electricity has resulted in a marginal increase to the total operating revenue.

Total operating expenditure for the 2011/12 financial year has been appropriated at R48 million and translates into a budgeted surplus of R55 000 thousand. In comparison, the operating expenditure has grown by R31, 997 million (65.55%) in the 2012/13 budget and by R4, 795 million (5, 93%) and R 3,649 million (4.26%) for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R6, 836 million and then stabilise at R 14,662 million.

The main cost driver of the increases for the total expenditure is the provision in the 2012/13 annual budget made for the item of debt impairment, with an increase of R 11,481 million (1599.03%) to compensate for high outstanding debtors. The municipality is currently finalising the process of data cleansing to ensure that the long outstanding irrecoverable debtors are properly reflected submitted to council to be written over the MTREF period. A provision was also made for asset depreciation and asset impairment

with a marginal increase of R 200 000.00 (13.33%). Due to aging infrastructure and the result of conversion to GRAP from IMFO, the municipality had to properly budget for Asset depreciation and impairment.

The bulk water purchases remains one of the biggest challenges for the municipality, this is compounded by the inability to properly account for distribution losses on water, forfeited revenue, etc. Despite all the factors affecting losses on the water networks, the municipality must constantly maintain the same level of bulk purchases to ensure that water supply to communities is continuous and uninterrupted. The cost of bulk purchases by the water service provider increased by 10%, and this input cost to the municipality must be properly reflected to ensure that bulk water services are sufficiently provided for. Bulk water services for the 2012/13 was increased with R 15 204 Million which constitute 253.40 %.

The capital expenditure increased with R4, 087 Million (26, 11%) for 2012/13, R 4, 295 Million (21, 76%) for 2013/14 and R8, 830 Million (36, 74%) for 2014/15. All the capital expenditure is financed out of conditional grant, with the largest portion funded by Municipal Infrastructure Grant.

#### **1.4 Operating Revenue Framework**

For Naledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 50 per cent annual collection rate for property rates and other key service charges;
- Electricity tariffs increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;

- The municipality's Indigent Policy and rendering of free basic services;  
and
- The Tariffs Policy of Naledi Local Municipality

The following table is a summary of the 2012/2013 MTREF (classified by main revenue source):

**Table 2 - Summary of revenue classified by main revenue source**

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source									
Property rates	3,041	3,002	2,355	2,547	2,547	2,547	5,933	6,253	6,591
Service charges - electricity revenue	-	-	-	-	-	-	19,171	24,744	31,972
Service charges - water revenue	11,800	5,540	2,936	3,230	3,230	3,230	3,868	4,100	4,387
Service charges - sanitation revenue	3,466	3,019	3,165	3,355	3,355	3,355	3,589	3,804	4,071
Service charges - refuse revenue	2,105	2,043	2,121	2,248	2,248	2,248	2,451	2,598	2,780
Service charges – other							-	-	-
Rental of facilities and equipment	-	-	-	331	320	320	247	279	311
Interest earned - external investments							1,100	1,200	1,300
Interest earned - outstanding debtors	-	-	-	167	32	32	-	-	-
Dividends received	-	-	-	10	5	5	5	6	6
Fines	-	-	-	5	5	5	-	-	-
Transfers recognised – operational	18,976	25,769	35,625	35,528	35,528	35,528	41,228	44,234	47,207
Other revenue	1,621	7,781	2,190	1,369	1,601	1,601	5,158	5,227	5,295
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>41,009</b>	<b>47,154</b>	<b>48,392</b>	<b>48,790</b>	<b>48,871</b>	<b>48,871</b>	<b>82,750</b>	<b>92,444</b>	<b>103,919</b>



In line with the format prescribed by the Municipal Budget and Reporting Regulations, Capital transfer and contribution are excluded from the operating statements, as inclusion of these revenue sources will distort the calculation of the operating surplus/deficit.

The largest revenue source is transfers from external sources, totalling R 41,228 million (50%) of the total operating revenue. The second largest source is electricity at R 19,171 million (22.36%) of the total operating revenue and as electricity is supplied by Centlec, the municipality has not budgeted for electricity in the previous years and as a result the inclusion of electricity revenue during the 2012/13 annual budget has increased anticipated revenue for the municipality. The third largest source is property rates which is totalling 5,933 million (7.00%) of the total revenue. A contributing factor to a large increase in service charges is that previous budgets did not break even on the cost for service delivery.

The other revenue of R 5,158 Million (6%) of total revenue , consists of various items such as income received from building plans, cemetery fees, rental of municipal properties, commission, fines, etc. The tariffs on these items are reviewed annually to ensure that they are cost reflective and market related. The municipality is embarking of the system of improving a strict implementation of internal control measures to ensure that income from these items is sustainable. The “other income” includes VAT recovery of R4, 500 million and R 1,100 million of interest earned from external investment.

Table 2.1 depicted below provides further illustrate a gradual increase on all main revenue source over the MTREF period. The table further illustrate each class of main revenue component relative to the total revenue .Property Rates has realised a 7% steady increase with the 2014/15 outer year at 6%. Electricity charges is also showing a gradual increase at 23 % for 2012/13, 27% for 2013/14 and 31% for the 2014/15 .However, the Transfer recognised from operation shows a steady decline over the MTREF, from 50% for the 2012/13, 48% for the 2013/14 and 45% for the 2014/15 .The other service charges remains stagnant caused by realistic projections based on an assessment of covering input costs and making the service charges affordable. The reality is that the municipal area experiences a high indigence rate as a result most of the charges shall have to be paid by with the equitable share in any case.

**Table 2.1 Percentage growth in revenue by main revenue source**

Description R thousand	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework					
	Original Budget	Adjusted Budget	Full Year Forecast	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>Revenue By Source</b>										
Property rates	2,547	2,547	2,547	5%	5,933	7%	6,253	7%	6,591	6%
Service charges - electricity revenue	-	-	0	0%	19,171	23%	24,744	27%	31,972	31%
Service charges - water revenue	3,230	3,230	3,230	7%	3,868	5%	4,100	4%	4,387	4%
Service charges - sanitation revenue	3,355	3,355	3,355	7%	3,589	4%	3,804	4%	4,071	4%
Service charges - refuse revenue	2,248	2,248	2,248	5%	2,451	3%	2,598	3%	2,780	3%
Rental of facilities and equipment	331	320	320	1%	247	0%	279	0%	311	0%
Interest earned - external investments	-	-	-	0%	1,100	1%	1,200	1%	1,300	1%
Interest earned - outstanding debtors	167	32	32	0%	0	0%	0	0%	0	0%
Dividends received	10	5	5	0%	5	0%	6	0%	6	0%
Fines	5	5	5	0%	0	0%	0	0%	0	0%
Transfers recognised – operational	35,528	35,528	35,528	73%	41,228	50%	44,234	48%	47,207	45%
Other revenue	1,369	1,601	1,601	3%	5,158	6%	5,227	6%	5,295	5%
Gains on disposal of PPE	-	-	-	0%	0	0%	0	0%	0	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>48,790</b>	<b>48,871</b>	<b>48,871</b>	<b>100%</b>	<b>82,750</b>	<b>100%</b>	<b>92,445</b>	<b>100%</b>	<b>103,920</b>	<b>100%</b>





**Table 3 - Operating Transfers and Grant Receipts**

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	<b>21,288</b>	<b>25,769</b>	<b>32,082</b>	<b>35,528</b>	<b>35,528</b>	<b>35,528</b>	<b>39,482</b>	<b>42,387</b>	<b>45,567</b>
Local Government Equitable Share	18,128	23,469	29,882	33,288	33,288	33,288	37,182	40,017	43,117
Finance Management	500	1,000	1,200	1,450	1,450	1,450	1,500	1,500	1,500
Municipal Systems Improvement	2,660	1,300	1,000	790	790	790	800	870	950
<b>Provincial Government:</b>	-	-	83	-	-	-	-	-	-
Sport and Recreation	-	-	83						
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
None									
<b>Other grant providers:</b>	-	6,834	-	-	-	-	-	-	-
Grant Motheo Senior Technician	-	6,834							
<b>Total Operating Transfers and Grants</b>	<b>21,288</b>	<b>32,603</b>	<b>32,165</b>	<b>35,528</b>	<b>35,528</b>	<b>35,528</b>	<b>39,482</b>	<b>42,387</b>	<b>45,567</b>
<b><u>Capital Transfers and Grants</u></b>									
<b>National Government:</b>	<b>9,928</b>	<b>10,605</b>	<b>12,634</b>	<b>15,598</b>	<b>15,598</b>	<b>15,598</b>	<b>18,663</b>	<b>18,105</b>	<b>19,152</b>
Municipal Infrastructure Grant (MIG)	9,928	10,605	11,764	14,149	14,149	14,149	17,163	18,105	19,152
Regional Bulk Infrastructure	-	-	-	-	-	-	500	-	-
EPWP	-	-	870	1,449	1,449	1,449	1,000	-	-
<b>Provincial Government:</b>	-	-	3,460	-	-	-	-	-	-



Other capital transfers/grants	-	-	3,460	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
None	-	1,828	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	1,828	-	-	-	-	-	-	-
Grant Motheo Senior Technician	-	1,828	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>9,928</b>	<b>12,433</b>	<b>16,094</b>	<b>15,598</b>	<b>15,598</b>	<b>15,598</b>	<b>18,663</b>	<b>18,105</b>	<b>19,152</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>31,216</b>	<b>45,036</b>	<b>48,259</b>	<b>51,126</b>	<b>51,126</b>	<b>51,126</b>	<b>58,145</b>	<b>60,492</b>	<b>64,719</b>

Naledi municipality was still one of the local municipalities under the now defunct Motheo District Municipality, this will explain the reasons the grant shown under the audited figures for 2009/10 still shows the previous district name. .

The process of tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment. Apart from an allowed increase in electricity (12%) and water tariffs (9%), all other service charges were increased within the National Treasury's prescribed tariffs(6%) ,this was done despite the under-recovery of the past three financial years wherein the municipality's tariffs were not cost reflective.

The percentage increase increases of electricity bulk tariffs (Centlec/Eskom) and the water bulk tariffs (Bloem Water) are far beyond the mentioned inflation target. Given that these tariffs increases are determined by external agencies, these tariffs are largely outside the control of the municipality .Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future position and viability.

It must also be appreciated that the consumer price index ,as measured by the CPI ,is not a good measure of the cost to increases of goods and services relevant to municipalities .The food basket of goods and services utilised in the calculation of the CPI consists of items such as food, petrol and medical services ,whereas the cost drivers of a municipality are informed by items such as the cost of remuneration ,bulk purchases of water and electricity ,fuel ,chemicals ,cement ,etc. The current challenges facing the municipality is managing the gap between the cost drivers and tariffs levied, as any shortfall must be factored in either by operational efficiency gains or service level reductions. This adds to the contributing factors that the tariffs mentioned above have to increase beyond the official inflation rate of the Reserve Bank.

Within this framework, the municipality has undertaken the tariff setting process relating to service charges as follows, Refer to **Annexure C** for all the relevant tariffs applicable to the 2012/13 financial year

#### 1.4.1 Property rates

Cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The implementation of the Property Rates is regulated in terms of the Municipal Property Rates Act, and the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for the purpose of levying rates and the rates for the 2012/13 financial year based on a 6 per cent increase from 1 July 2012 as contained in the attached Annexure C no 1

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, it is necessary to carefully review the level and structure of the water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. A tariff increase of 9 per cent from 1 July 2012 for water is proposed. This is based on input cost assumptions of 10 per cent increase in the cost of bulk water, In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents. The municipality is currently levying water supplied by the water board (Bloem Water) and using boreholes in one of its towns (Vanstadensrus). The municipality is seized with the challenge of ensuring that the maintenance of the water infrastructure is factored in the tariffs, at the present moment distribution losses are negatively affecting anticipated revenues which could be realised between the cost and sales of water.

Annexure C no 1 shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house: A summary of the proposed water tariffs for households (residential) and non-residential shown in Annexure C no 1

#### **1.4.3 Sale of Electricity and impact of Tariff increase.**

Naledi Municipality maintains a Service Delivery Agreement (SDA) with Centlec (a Municipal Entity which is a electricity distribution utility). The municipality did not have capacity to provide electricity services to its communities and this informed a need to enter into an SDA with the service provider .However in terms of the SDA the electricity tariffs must be set by the municipality, in association with Centlec through the normal planning and budgeting process. Electricity budget was only included from the 2012/13 and MTREF and this has resulted in the marginal increment to the total operational revenue.

NERSA has announced the revised bulk electricity pricing structure with a 13,5 per cent increase in the Eskom bulk electricity tariff to municipalities and will be effective from 1 July 2012 .Considering the Eskom increase, the consumer tariff and to be increased by 20.3 per cent to offset the additional bulk purchases cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in the

consumption of electricity, which will have a negative impact on the prospect of anticipated revenue from electricity sales.

The attached Annexure C indicates the impact of the proposed increases in electricity tariffs. NERSA has also advised that a stepped tariff structure needs to be implemented from 1 July 2012. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim will be to subsidize the lower consumption users (Mostly the poor and possible indigents). The municipality has not implemented the stepped tariff to enable cross subsidization.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. The proper repairs and maintenance and upgrading of the reticulation network is a strategic priority, especially the sub-stations and transmission lines. Lack of proper town planning that result in new settlement compounds the challenges affecting the existing reticulation network and hence a need for upgrading and regularly maintenance

The approved budgets for the electricity can only be used for certain committed upgrade projects and to strengthen critical infrastructure (e.g. Sub-station without back-up supply). Owing to the high increases in Eskom tariffs, it is apparent that it remains a challenge to maintain high levels of maintenance and upgrades by means of increasing electricity tariff that factor in both issues, as the resultant tariff increase will not be affordable to the consumers. It is therefore proposed that a long term sustainable solution, as a strategy for funding the infrastructure, to consider spreading the burden in the 2012/13 financial period, over the MTREF period to coincide with the life span of the assets being upgraded.

#### **1.4.4 Sanitation and Impact of Tariff Increases**

A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. Sanitation charges are calculated according to the percentage water discharged as indicated in the Annexure C no 10; free sanitation (98 per cent of 6 kl water) will be applicable to registered indigents. Annexure C no 10 shows the comparison between current sanitation charges and increases

#### **1.4.5 Waste Removal and Impact of Tariff increases.**

Annexure C no 10 shows the comparison between the current and proposed amounts payable from 1 July 2012. A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed. Waste charges are calculated according to the percentage of Waste Removal discharged as indicated in the table below. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The municipality must place more emphasis on the cost driver affecting the provision of this service, this include but not limited to repairs and maintenance on vehicles, increase in general expenditure such as petrol and diesel and the cost of remuneration. There is need to investigate the cost structure of solid waste as well as consideration of alternative service delivery models. The outcome of the investigation will be investigated into the next planning cycle.

#### 1.4.6 Other tariff increases.

Annexure C compares current and proposed tariffs for all other services

### 1.5 Operating Expenditure Framework

The Municipal expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 4 - Summary of operating expenditure by standard classification.

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Expenditure By Type</u></b>									
Employee related costs	16,708	17,795	22,534	25,177	22,972	22,972	26,970	28,562	30,522
Remuneration of councillors	650	3,450	1,564	1,662	1,827	1,827	1,816	1,925	2,060
Debt impairment	993	4,058	3,865	718	718	718	12,199	8,000	7,000
Depreciation & asset impairment	-	-	4,500	1,500	1,500	1,500	1,700	1,800	1,900
Finance charges	-	-	-	48	48	48	70	80	90
Bulk purchases	3,735	5,346	4,721	6,000	6,000	6,000	21,204	26,202	26,752
Other materials									
Contracted services	-	-	-	-	-	-	2,500	2,900	3,200
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	20,171	31,637	23,833	13,663	15,751	15,751	14,355	16,139	17,734
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>42,257</b>	<b>62,286</b>	<b>61,017</b>	<b>48,768</b>	<b>48,816</b>	<b>48,816</b>	<b>80,813</b>	<b>85,608</b>	<b>89,257</b>



### 1.5.1 Employee related costs

The budgeted allocation for employee related costs for the 2012/13 financial year totals R 26,970 million, which equals 33 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 5 per cent for the 2012/13 financial year. An annual increase of 6 per cent has been included for the 2012/13, and 7 and 8 per cent for the two outer years of the MTREF. As part of the Municipal cost reprioritization and cash management strategy not all vacancies could be filled. However the municipality had to respond to an outstanding bargaining council outcome that compels the municipality to fill certain post within the corporate management unit and the office of the municipal manager. In addition, the Auditor General has raised audit queries over the filling of posts in the Budget and treasury unit, including the creation of a fully-fledged Supply Chain Management unit and the budget unit.

### 1.5.2 Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipal budget.

### 1.5.3 Debt impairment

The municipality has been under-budgeting for debt impairment over the past years, and during the budget bilateral with the Provincial Treasury, it was brought to the attention of the municipality that the item should be reasonably budgeted. In responding, for the budget year 2012/13, the budget was increased with an amount of R 11,481 million (1599%) compared to a budgeted amount of R 718 000 in the 2011/12 financial period. The municipality is currently collecting approximately 9% from outstanding debtors; the implementation of an effective revenue management strategy will assist the municipality to increase its recovery rate to at least 50% (i.e. Conservative figure subject to realistic socio-economic imperatives affecting the area).

In addition, the development and proper implementation of a Debt Write-off policy, as well as a Credit and Debt collection management will also assist the municipality to recover relatively more from outstanding debtors. It should be noted that a budget for debt impairment has been reduced with 34 % and 13 % for the two outer years of the MTREF. While the expenditure is considered to be a non-cash flow item, it informs the total cost associated with the rendering of services to the municipality, as well as the municipality's realistically anticipated revenues

### 1.5.4 Depreciation & asset impairment

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management policy. In addition, consideration has also been given to our ageing asset infrastructure and inadequate repairs and maintenance over the years. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard total R 1,700 million for the 2012/13 financial year, an increase of 13% from the previous year and it constitute 2% of the total operating expenditure. The implementation of the conversion to GRAP 17 accounting standards has meant bringing in a range of assets previously not included in the asset register, it has to be noted that the municipality is finalising its infrastructure asset bundling in the 2012/13 financial year, this is to give a true and factual



reflection of the actual cost of asset and the subsequent requirement to properly budget realistically for depreciation and asset impairment.

### 1.5.5 Bulk purchases

Bulk purchases are directly informed by the purchase of Water from Bloem Water. The outstanding amounts owed and the annual price increases have been factored in the budget appropriation and are directly informing the revenue provisions. The expenditure relatively caters for distribution losses on water.

### 1.5.6 Contracted Services

Contracted service include the three items of Equipment rental, Insurance and Security Services

### 1.5.7 Other Expenditure

Other expenditure comprises of general expenses which includes among others, audit fees, fuel, diesel, bank charges, printing and stationery, etc.

Table 4.1 - Main Operational Expenditure categories for 2012/13 expressed as a percentage

Expenditure Category	Amounts - R'000	% of total budget
Employee Cost	26 970	33 %
Remuneration of councillors	1 816	2 %
Debt Impairment	12 199	15 %
Depreciation and asset impairment	1 700	2 %
Finance Charges	70	0 %
Bulk purchases	21 204	26 %
Contracted services	2 500	3 %
Other expenditure	14 355	18 %
<b>Total expenditure</b>	<b>80 813</b>	<b>100%</b>

### 1.5.8 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all

the expenditures associated with repairs and maintenance. The other expenditure includes amongst others materials for maintenance, cleaning materials and chemicals, etc.

**Table 5 - Operational repairs and maintenance**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-
Other Expenditure	1,138	1,800	804	878	2,291	2,291	1,175	1,465	1,755
<b>Total Repairs and Maintenance Expenditure</b>	1,138	1,800	804	878	2,291	2,291	1,175	1,465	1,755



During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The other expenditure decreased with R 1,116 Million (49%) between the previous adjusted annual budget for the financial year 2011/12 and the current financial year of 2012/13. The item of operational repairs shows a marginal increase over the MTREF period, showing a marginal increase of 25% for 2013/14 and 20% for the outer year. This strategic imperative remains a priority as can be seen by the budget appropriation over the MTREF. The need to increase budget appropriation for repairs and maintenance is constraint by inadequate financial resources experienced by the municipality.

#### **1.5.9 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 20 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

**Table 6 – (A5) Budget Capital Expenditure by Vote, Standard classification and Funding**

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Capital Expenditure – Vote</u></b>									
<b><i>Multiyear to be appropriated</i></b>									
Vote 1 – The Council	(6)	30	37	-	-	-	-	-	-
Vote 2 – Budget and Treasury Office	(28)	40	350	-	-	-	-	-	-
Vote 3 – Corporate Service	10	480	-	6,222	6,222	6,222	-	-	-
Vote 4 – Technical Service	848	123 033	11764	9,375	9,375	9,375	17,803	17,198	21,202
Vote 5 – Planning and Development	-	517	-	-	-	-	-	-	-
<b>Total Capital Expenditure – Standard</b>	<b>824</b>	<b>124,100</b>	<b>12,151</b>	<b>15,597</b>	<b>15,597</b>	<b>15,597</b>	<b>17,803</b>	<b>17,198</b>	<b>21,202</b>
<b><u>Capital Expenditure – Standard</u></b>									
<b><i>Governance and administration</i></b>	<b>(34)</b>	<b>70</b>	<b>387</b>	-	-	-	-	-	-
Executive and council	(6)	30	37	-	-	-	-	-	-
Budget and treasury office	(28)	40	350	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-
<b><i>Community and public safety</i></b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>6,222</b>	<b>6,222</b>	<b>6,222</b>	<b>3,813</b>	<b>300</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	1,600	-	6,222	6,222	6,222	3,813	300	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	900	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b><i>Economic and environmental services</i></b>	<b>40</b>	<b>4,317</b>	<b>6,283</b>	<b>1,750</b>	<b>550</b>	<b>550</b>	<b>1,583</b>	<b>2,000</b>	<b>6,502</b>
Planning and development	-	517	-	-	-	-	-	-	-
Road transport	30	3,320	6,283	1,750	550	550	1,583	2,000	6,502
Environmental protection	10	480	-	-	-	-	-	-	-



<i>Trading services</i>	-	11,652	5,481	6,975	8,175	8,175	12,407	14,898	14,700
Electricity	-	1,828					500	-	-
Water	-	5,280	5,481	2,698	2,698	2,698	10,443	14,504	13,500
Waste water management	-	2,074	-	4,277	5,477	5,477	1,464	394	1,200
Waste management	-	2,470	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	650	650	650	-	-	-
<b>Total Capital Expenditure – Standard</b>	<b>6</b>	<b>18,539</b>	<b>12,151</b>	<b>15,597</b>	<b>15,597</b>	<b>15,597</b>	<b>17,803</b>	<b>17,198</b>	<b>21,202</b>
<b>Funded by:</b>	-	-	-	-	-	-	-	-	-
National Government	824	13,433	12,634	15,598	15,598	15,598	17,803	17,198	21,202
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	6,834	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
<b>Transfers recognized – capital</b>	<b>824</b>	<b>20,267</b>	<b>12,634</b>	<b>15,598</b>	<b>15,598</b>	<b>15,598</b>	<b>17,803</b>	<b>17,198</b>	<b>21,202</b>
<b>Public contributions &amp; donations</b>	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	<b>824</b>	<b>20,267</b>	<b>12,634</b>	<b>15,598</b>	<b>15,598</b>	<b>15,598</b>	<b>17,803</b>	<b>17,198</b>	<b>21,202</b>



For the 2012/13 financial year an amount of R 17,803 million has been appropriated for the development of infrastructure of the total capital expenditure and it represents 92 per cent of the total capital budget. The two outer year's totals amount to R 17,198 million and R21, 202 million respectively. The bulk of the capital expenditure is funded from

**Table 6.1 - Break down of budgeted capital expenditure for 2012/13**

<b>Project Name</b>	<b>Funding</b>	<b>Budgeted Amount</b>
Paving of Internal street	EPWP	1 000 000.00
Low level bridge	MIG	582 858.00
Waste Water Treatment Sewerage	MIG	1 464 202.00
Dewetsdorp connection of pump station	MIG	442 557.00
Households Electrification	INEG	500 000.00
Multi-purpose sports complex	MIG	3 813 233.00
Installation of water meters	MIG	2 700 000.00
Elevated tank and interlinking pipe	MIG	7 300 000.00
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>17 802 850.00</b>

## 1.7 Annual Budget Tables

The following tables present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/2013 budget and MTREF as approved by the Council

**Table 7 – (A1) Budget Summary**

Description  R thousands	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Financial Performance</u></b>									
Property rates	3,041	3,002	2,355	2,547	2,547	2,547	5,933	6,253	6,591
Service charges	17,371	10,602	8,222	8,833	8,833	8,833	29,079	35,247	43,209
Investment revenue	-	-	-	-	-	-	1,100	1,200	1,300
Transfers recognized - operational	18,976	25,769	35,625	35,528	35,528	35,528	41,228	44,234	47,207
Other own revenue	1,621	7,781	2,190	1,882	1,963	1,963	5,410	5,511	5,612
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>41,009</b>	<b>47,154</b>	<b>48,392</b>	<b>48,790</b>	<b>48,871</b>	<b>48,871</b>	<b>82,750</b>	<b>92,444</b>	<b>103,919</b>
Employee costs	16,708	17,795	22,534	25,177	22,972	22,972	26,970	28,562	30,522
Remuneration of councilors	650	3,450	1,564	1,662	1,827	1,827	1,816	1,925	2,060
Depreciation & asset impairment	-	-	4,500	1,500	1,500	1,500	1,700	1,800	1,900
Finance charges	-	-	-	48	48	48	70	80	90
Materials and bulk purchases	3,735	5,346	4,721	6,000	6,000	6,000	21,204	26,202	26,752
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	21,164	35,695	27,698	14,381	16,469	16,469	29,054	27,039	27,934
<b>Total Expenditure</b>	<b>42,257</b>	<b>62,286</b>	<b>61,017</b>	<b>48,768</b>	<b>48,816</b>	<b>48,816</b>	<b>80,813</b>	<b>85,608</b>	<b>89,257</b>
<b>Surplus/(Deficit)</b>	<b>(1,248)</b>	<b>(15,132)</b>	<b>(12,625)</b>	<b>22</b>	<b>55</b>	<b>55</b>	<b>1,937</b>	<b>6,836</b>	<b>14,662</b>
Transfers recognized – capital	-	13,433	12,634	15,597	15,597	15,597	17,803	17,198	18,202





Contributions recognized - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(1,248)	(1,699)	9	15,619	15,652	15,652	19,739	24,034	32,864
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	(1,248)	(1,699)	9	15,619	15,652	15,652	19,739	24,034	32,864
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	6	18,539	12,151	15,597	15,597	15,597	17,803	17,198	21,202
Transfers recognized – capital	824	20,267	12,634	15,598	15,598	15,598	17,803	17,198	21,202
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	824	20,267	12,634	15,598	15,598	15,598	17,803	17,198	21,202
<b><u>Financial position</u></b>									
Total current assets	16,564	29,721	12,302	81,230	81,230	81,230	106,449	102,300	101,350
Total non-current assets	34,321	34,452	46,252	57,252	57,252	57,252	69,452	82,452	73,452
Total current liabilities	29,519	47,396	32,523	32,803	32,803	32,803	30,113	20,113	15,113
Total non-current liabilities	765	651	538	425	425	425	450	495	528
Community wealth/Equity	30,348	28,008	28,237	28,306	28,306	28,306	35,000	38,580	45,240
<b><u>Cash flows</u></b>									
Net cash from (used) operating	(1,249)	11,733	12,643	15,667	15,667	15,667	19,740	6,836	14,662
Net cash from (used) investing	-	13,433	12,634	15,598	15,598	15,598	(17,803)	(17,198)	(21,202)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-



<b>Cash/cash equivalents at the year end</b>	(10,232)	14,934	40,211	43,426	36,265	36,265	6,937	(3,424)	(9,965)
<b><u>Cash backing/surplus reconciliation</u></b>									
Cash and investments available	(10,232)	(11,810)	12,302	12,230	12,230	12,230	34,250	34,300	34,350
Application of cash and investments	1,989	4,803	30,000	(39,052)	(38,607)	(38,607)	(42,199)	(48,000)	(52,000)
<b>Balance - surplus (shortfall)</b>	(12,221)	(16,613)	(17,698)	51,282	50,837	50,837	76,449	82,300	86,350
<b><u>Asset management</u></b>									
Asset register summary (WDV)	166,514	166,541	166,541	171,639	171,639	171,639	188,441	206,842	207,444
Depreciation & asset impairment	-	-	4,500	1,500	1,500	1,500	1,700	1,800	1,900
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1,136	1,800	1,396	878	2,291	-	1,175	1,465	1,755
<b><u>Free services</u></b>									
Cost of Free Basic Services provided	19,740	21,512	22,908	22,908	22,908	22,908	22,908	22,908	22,908
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-



**Table 8 - (A2) Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Revenue – Standard</u></b>									
<b><i>Governance and administration</i></b>	<b>10,756</b>	<b>18,656</b>	<b>28,230</b>	<b>27,055</b>	<b>27,480</b>	<b>27,480</b>	<b>39,161</b>	<b>41,539</b>	<b>43,784</b>
Executive and council	8,133	8,131	10,669	7,776	8,206	8,206	12,801	13,646	14,547
Budget and treasury office	2,058	5,697	12,925	14,180	14,061	14,061	20,050	21,099	21,931
Corporate services	565	4,828	4,636	5,099	5,213	5,213	6,310	6,794	7,306
<b><i>Community and public safety</i></b>	<b>4,300</b>	<b>6,757</b>	<b>4,972</b>	<b>10,507</b>	<b>10,161</b>	<b>10,161</b>	<b>7,954</b>	<b>4,749</b>	<b>4,792</b>
Community and social services	1,923	4,273	3,137	8,935	8,890	8,890	6,764	3,478	3,425
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	36	587	81	90	90	90	100	108	116
Housing	112	1,218	254	272	272	272	204	224	245
Health	2,229	679	1,500	1,210	909	909	886	939	1,005
<b><i>Economic and environmental services</i></b>	<b>1,469</b>	<b>7,666</b>	<b>10,891</b>	<b>5,993</b>	<b>5,993</b>	<b>5,993</b>	<b>6,340</b>	<b>7,170</b>	<b>12,127</b>
Planning and development	-	840	631	776	776	776	849	964	1,094
Road transport	1,469	6,826	10,260	5,217	5,217	5,217	5,491	6,206	11,033
Environmental protection	-	-	-	-	-	-	-	-	-
<b><i>Trading services</i></b>	<b>35,857</b>	<b>27,510</b>	<b>16,935</b>	<b>20,834</b>	<b>20,833</b>	<b>20,834</b>	<b>47,098</b>	<b>56,184</b>	<b>61,417</b>
Electricity	491	2,398	209	233	233	233	19,931	25,024	32,274
Water	25,363	14,216	9,287	8,992	8,992	8,992	17,289	17,729	18,855
Waste water management	5,913	6,133	4,305	8,232	8,232	8,232	6,166	9,477	6,047
Waste management	4,090	4,763	3,134	3,377	3,377	3,377	3,712	3,955	4,242
<b><i>Other</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue – Standard</b>	<b>52,382</b>	<b>60,589</b>	<b>61,028</b>	<b>64,389</b>	<b>64,468</b>	<b>64,468</b>	<b>100,553</b>	<b>109,642</b>	<b>122,121</b>
<b><u>Expenditure – Standard</u></b>									
<b><i>Governance and administration</i></b>	<b>28,968</b>	<b>20,850</b>	<b>25,294</b>	<b>24,480</b>	<b>25,999</b>	<b>25,999</b>	<b>42,742</b>	<b>41,059</b>	<b>42,672</b>
Executive and council	18,441	10,222	13,231	11,119	10,213	10,213	24,165	20,882	20,849
Budget and treasury office	6,740	5,813	8,937	8,151	10,245	10,245	11,316	12,376	13,409
Corporate services	3,787	4,815	3,126	5,210	5,541	5,541	7,261	7,802	8,415
<b><i>Community and public safety</i></b>	<b>3,753</b>	<b>6,767</b>	<b>5,465</b>	<b>10,838</b>	<b>10,134</b>	<b>10,135</b>	<b>3,861</b>	<b>4,077</b>	<b>4,344</b>
Community and social services	2,790	4,283	3,780	9,356	8,923	8,923	2,528	2,686	2,879
Sport and recreation	-	-	-	-	-	-	-	-	-



Public safety	34	587	52	54	53	53	160	140	120
Housing	116	1,218	233	244	250	250	287	312	340
Health	813	679	1,400	1,184	909	909	886	939	1,005
<b>Economic and environmental services</b>	<b>2,223</b>	<b>7,667</b>	<b>9,383</b>	<b>4,952</b>	<b>3,542</b>	<b>3,542</b>	<b>4,159</b>	<b>4,596</b>	<b>4,994</b>
Planning and development	195	840	280	390	390	390	880	990	1,110
Road transport	2,028	6,827	9,103	4,562	3,152	3,152	3,279	3,606	3,884
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>9,239</b>	<b>27,004</b>	<b>20,876</b>	<b>24,098</b>	<b>24,738</b>	<b>24,738</b>	<b>30,050</b>	<b>35,875</b>	<b>37,248</b>
Electricity	228	2,398	524	534	825	825	17,847	22,610	22,950
Water	6,519	14,217	11,767	12,176	11,729	11,729	7,729	4,365	9,649
Waste water management	1,628	5,626	5,321	8,609	9,585	9,585	3,224	7,551	3,211
Waste management	864	4,763	3,264	2,779	2,599	2,599	1,250	1,350	1,437
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure – Standard</b>	<b>44,183</b>	<b>62,288</b>	<b>61,018</b>	<b>64,368</b>	<b>64,413</b>	<b>64,414</b>	<b>80,813</b>	<b>85,608</b>	<b>89,257</b>
<b>Surplus/(Deficit) for the year</b>	<b>8,199</b>	<b>(1,699)</b>	<b>10</b>	<b>21</b>	<b>55</b>	<b>54</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>

**Table 9 – (A2A) Budgeted Financial Performance (revenue and expenditure by Standard Classification)**

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue – Standard</b>									
<b>Municipal governance and administration</b>	<b>10,756</b>	<b>18,656</b>	<b>28,230</b>	<b>27,055</b>	<b>27,480</b>	<b>27,480</b>	<b>39,161</b>	<b>41,539</b>	<b>43,784</b>
Executive and council	8,133	8,131	10,669	7,776	8,206	8,206	12,801	13,646	14,547
Mayor and Council	8,133	8,131	10,669	7,776	8,206	8,206	12,801	13,646	14,547
Municipal Manager									
Budget and treasury office	2,058	5,697	12,925	14,180	14,061	14,061	<b>20,050</b>	<b>21,099</b>	<b>21,931</b>
Corporate services	565	4,828	4,636	5,099	5,213	5,213	6,310	6,794	7,306
Human Resources					2,635	2,635	3,363	3,631	3,920
Information Technology									
Property Services	565	1,349	227	183	226	226	186	208	231
Other Admin	-	3,479	4,409	4,916	2,352	2,352	2,762	2,954	3,155



<b>Community and public safety</b>	<b>4,300</b>	<b>6,757</b>	<b>4,972</b>	<b>10,507</b>	<b>10,161</b>	<b>10,161</b>	<b>7,954</b>	<b>4,749</b>	<b>4,792</b>
Community and social services	<b>1,923</b>	<b>4,273</b>	<b>3,137</b>	<b>8,935</b>	<b>8,890</b>	<b>8,890</b>	<b>6,764</b>	<b>3,478</b>	<b>3,425</b>
Libraries and Archives	851	459	565	629	629	629	703	756	815
Museums & Art Galleries etc.									
Community halls and Facilities	565	121	71	83	71	71	89	95	103
Cemeteries & Crematoriums	507	3,410	2,471	8,190	8,190	8,190	5,973	2,626	2,508
Child Care									
Aged Care									
Other Community	-	283	30	33					
Other Social									
Sport and recreation									
Public safety	<b>36</b>	<b>587</b>	<b>81</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>100</b>	<b>108</b>	<b>116</b>
Police									
Fire	36	587	81	90	90	90	100	108	116
Civil Defense									
Street Lighting									
Other									
Housing	<b>112</b>	<b>1,218</b>	<b>254</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>204</b>	<b>224</b>	<b>245</b>
Health	<b>2,229</b>	<b>679</b>	<b>1,500</b>	<b>1,210</b>	<b>909</b>	<b>909</b>	<b>886</b>	<b>939</b>	<b>1,005</b>
Clinics									
Ambulance									
Other	2,229	679	1,500	1,210	909	909	886	939	1,005
<b>Economic and environmental services</b>	<b>1,469</b>	<b>7,666</b>	<b>10,891</b>	<b>5,993</b>	<b>5,993</b>	<b>5,993</b>	<b>6,340</b>	<b>7,170</b>	<b>12,127</b>
Planning and development	-	<b>840</b>	<b>631</b>	<b>776</b>	<b>776</b>	<b>776</b>	<b>849</b>	<b>964</b>	<b>1,094</b>
Economic									
Development/Planning	-	840	631	776	776	776	849	964	1,094
Town Planning/Building enforcement									
Licensing & Regulation									
Road transport	<b>1,469</b>	<b>6,826</b>	<b>10,260</b>	<b>5,217</b>	<b>5,217</b>	<b>5,217</b>	<b>5,491</b>	<b>6,206</b>	<b>11,033</b>
Roads	1,469	6,826	10,260	5,217	5,217	5,217	5,455	6,167	10,991
Public Buses									
Parking Garages									
Vehicle Licensing and Testing									
Other							36	39	42
Environmental protection	-	-	-	-	-	-	-	-	-



<i>Pollution Control</i>									
<i>Biodiversity &amp; Landscape</i>									
<i>Other</i>									
<b>Trading services</b>	<b>35,857</b>	<b>27,510</b>	<b>16,935</b>	<b>20,834</b>	<b>20,833</b>	<b>20,834</b>	<b>47,098</b>	<b>56,184</b>	<b>61,417</b>
Electricity	<b>491</b>	<b>2,398</b>	<b>209</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>19,931</b>	<b>25,024</b>	<b>32,274</b>
<i>Electricity Distribution</i>	491	2,398	209	233	233	233	19,931	25,024	32,274
<i>Electricity Generation</i>									
Water	<b>25,363</b>	<b>14,216</b>	<b>9,287</b>	<b>8,992</b>	<b>8,992</b>	<b>8,992</b>	<b>17,289</b>	<b>17,729</b>	<b>18,855</b>
<i>Water Distribution</i>	25,363	14,216	9,287	8,992	8,992	8,992	17,289	17,729	18,855
<i>Water Storage</i>									
Waste water management	<b>5,913</b>	<b>6,133</b>	<b>4,305</b>	<b>8,232</b>	<b>8,232</b>	<b>8,232</b>	<b>6,166</b>	<b>9,477</b>	<b>6,047</b>
<i>Sewerage</i>	5,913	6,133	4,305	8,232	8,232	8,232	6,166	9,477	6,047
<i>Storm Water Management</i>									
<i>Public Toilets</i>									
Waste management	<b>4,090</b>	<b>4,763</b>	<b>3,134</b>	<b>3,377</b>	<b>3,377</b>	<b>3,377</b>	<b>3,712</b>	<b>3,955</b>	<b>4,242</b>
<i>Solid Waste</i>	4,090	4,763	3,134	3,377	3,377	3,377	3,712	3,955	4,242
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Air Transport									
Abattoirs									
Tourism									
Forestry									
Markets									
<b>Total Revenue – Standard</b>	<b>52,382</b>	<b>60,589</b>	<b>61,028</b>	<b>64,389</b>	<b>64,468</b>	<b>64,468</b>	<b>100,553</b>	<b>109,642</b>	<b>122,121</b>
<b>Expenditure – Standard</b>									
<b>Municipal governance and administration</b>	<b>28,968</b>	<b>20,850</b>	<b>25,294</b>	<b>24,480</b>	<b>25,999</b>	<b>25,999</b>	<b>42,742</b>	<b>41,059</b>	<b>42,672</b>
Executive and council	18,441	10,222	13,231	11,119	10,213	10,213	24,165	20,882	20,849
<i>Mayor and Council</i>	18,441	10,222	13,231	11,119	10,213	10,213	24,165	20,882	20,849
<i>Municipal Manager</i>									
Budget and treasury office	6,740	5,813	8,937	8,151	10,245	10,245	11,316	12,376	13,409
Corporate services	3,787	4,815	3,126	5,210	5,541	5,541	7,261	7,802	8,415
<i>Human Resources</i>					2,525	2,525	4,043	4,394	4,792
<i>Information Technology</i>									
<i>Property Services</i>	839	1,349	51	71	253	253	100	100	100
<i>Other Admin</i>	2,948	3,466	3,075	5,139	2,763	2,763	3,119	3,307	3,523
<b>Community and public safety</b>	<b>3,753</b>	<b>6,767</b>	<b>5,465</b>	<b>10,838</b>	<b>10,134</b>	<b>10,135</b>	<b>3,861</b>	<b>4,077</b>	<b>4,344</b>
Community and social services	<b>2,790</b>	<b>4,283</b>	<b>3,780</b>	<b>9,356</b>	<b>8,923</b>	<b>8,923</b>	<b>2,528</b>	<b>2,686</b>	<b>2,879</b>



<i>Libraries and Archives</i>	335	459	891	980	762	762	800	848	907
<i>Museums &amp; Art Galleries</i>									
<i>etc.</i>									
<i>Community halls and Facilities</i>	846	121	58	61	61	61	60	70	80
<i>Cemeteries &amp; Crematoriums</i>	1,484	3,410	2,619	8,083	8,100	8,100	1,668	1,768	1,892
<i>Child Care</i>									
<i>Aged Care</i>									
<i>Other Community</i>	125	293	212	232					
<i>Other Social</i>									
Sport and recreation									
Public safety	<b>34</b>	<b>587</b>	<b>52</b>	<b>54</b>	<b>53</b>	<b>53</b>	<b>160</b>	<b>140</b>	<b>120</b>
Police									
Fire	34	587	52	54	53	53	160	140	120
Civil Defense									
Street Lighting									
Other									
Housing	<b>116</b>	<b>1,218</b>	<b>233</b>	<b>244</b>	<b>250</b>	<b>250</b>	<b>287</b>	<b>312</b>	<b>340</b>
Health	<b>813</b>	<b>679</b>	<b>1,400</b>	<b>1,184</b>	<b>909</b>	<b>909</b>	<b>886</b>	<b>939</b>	<b>1,005</b>
Clinics									
Ambulance									
Other	813	679	1,400	1,184	909	909	886	939	1,005
<b>Economic and environmental services</b>	<b>2,223</b>	<b>7,667</b>	<b>9,383</b>	<b>4,952</b>	<b>3,542</b>	<b>3,542</b>	<b>4,159</b>	<b>4,596</b>	<b>4,994</b>
Planning and development	<b>195</b>	<b>840</b>	<b>280</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>880</b>	<b>990</b>	<b>1,110</b>
Economic Development/Planning	195	840	280	390	390	390	880	990	1,110
Town Planning/Building enforcement									
Licensing & Regulation									
Road transport	<b>2,028</b>	<b>6,827</b>	<b>9,103</b>	<b>4,562</b>	<b>3,152</b>	<b>3,152</b>	<b>3,279</b>	<b>3,606</b>	<b>3,884</b>
Roads	2,028	6,827	9,103	4,562	3,152	3,152	3,029	3,336	3,592
Public Buses									
Other							251	270	292
Environmental protection	-	-	-	-	-	-	-	-	-
Pollution Control									
Biodiversity & Landscape									
Other									
<b>Trading services</b>	<b>9,239</b>	<b>27,004</b>	<b>20,876</b>	<b>24,098</b>	<b>24,738</b>	<b>24,738</b>	<b>30,050</b>	<b>35,875</b>	<b>37,248</b>
Electricity	<b>228</b>	<b>2,398</b>	<b>524</b>	<b>534</b>	<b>825</b>	<b>825</b>	<b>17,847</b>	<b>22,610</b>	<b>22,950</b>



<i>Electricity Distribution</i>	228	2,398	524	534	825	825	17,847	22,610	22,950
<i>Electricity Generation</i>									
<b>Water</b>	<b>6,519</b>	<b>14,217</b>	<b>11,767</b>	<b>12,176</b>	<b>11,729</b>	<b>11,729</b>	<b>7,729</b>	<b>4,365</b>	<b>9,649</b>
<i>Water Distribution</i>	6,519	14,217	11,767	12,176	11,729	11,729	7,729	4,365	9,649
<i>Water Storage</i>									
<b>Waste water management</b>	<b>1,628</b>	<b>5,626</b>	<b>5,321</b>	<b>8,609</b>	<b>9,585</b>	<b>9,585</b>	<b>3,224</b>	<b>7,551</b>	<b>3,211</b>
<i>Sewerage</i>	1,628	5,626	5,321	8,609	9,585	9,585	3,224	7,551	3,211
<i>Storm Water Management</i>									
<i>Public Toilets</i>									
<b>Waste management</b>	<b>864</b>	<b>4,763</b>	<b>3,264</b>	<b>2,779</b>	<b>2,599</b>	<b>2,599</b>	<b>1,250</b>	<b>1,350</b>	<b>1,437</b>
<i>Solid Waste</i>	864	4,763	3,264	2,779	2,599	2,599	1,250	1,350	1,437
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Air Transport</i>									
<i>Abattoirs</i>									
<b>Total Expenditure – Standard</b>	<b>44,183</b>	<b>62,288</b>	<b>61,018</b>	<b>64,368</b>	<b>64,413</b>	<b>64,414</b>	<b>80,813</b>	<b>85,608</b>	<b>89,257</b>
<b>Surplus/(Deficit) for the year</b>	<b>8,199</b>	<b>(1,699)</b>	<b>10</b>	<b>21</b>	<b>55</b>	<b>54</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>

**Table 10 – (A3) Budgeted Financial Performance (revenue and expenditure by municipal votes)**

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Revenue by Vote</u></b>									
Vote 1 - THE COUNCIL	8,133	8,131	10,669	7,776	8,206	8,206	12,801	13,646	14,547
Vote 2 - BUDGET AND TREASURY OFFICE	2,058	5,697	12,924	14,180	14,061	14,061	20,050	21,099	21,931
Vote 3 - CORPORATE SERVICES	5,739	4,150	4,518	4,575	4,560	4,560	5,326	5,738	6,189
Vote 4 - TECHNICAL SERVICES	38,510	41,770	32,285	37,080	36,865	36,865	61,528	68,195	78,359
Vote 5 - PLANNING AND DEVELOPMENT	-	840	631	776	776	776	849	964	1,094





<b>Total Revenue by Vote</b>	<b>54,440</b>	<b>60,588</b>	<b>61,027</b>	<b>64,387</b>	<b>64,468</b>	<b>64,468</b>	<b>100,553</b>	<b>109,642</b>	<b>122,121</b>
<b><i>Expenditure by Vote to be appropriated</i></b>									
Vote 1 - THE COUNCIL	18,441	10,222	13,232	11,119	10,213	10,213	24,165	20,882	20,849
Vote 2 - BUDGET AND TREASURY OFFICE	6,740	5,813	8,937	8,151	10,245	10,245	11,316	12,376	13,409
Vote 3 - CORPORATE SERVICES	3,867	4,137	3,676	4,828	4,561	4,561	6,049	6,491	7,005
Vote 4 - TECHNICAL SERVICES	14,941	41,274	34,894	39,879	39,003	39,003	38,403	44,869	46,886
Vote 5 - PLANNING AND DEVELOPMENT	195	840	280	390	390	390	880	990	1,110
<b>Total Expenditure by Vote</b>	<b>44,184</b>	<b>62,286</b>	<b>61,019</b>	<b>64,367</b>	<b>64,412</b>	<b>64,412</b>	<b>80,813</b>	<b>85,608</b>	<b>89,257</b>
<b>Surplus/(Deficit) for the year</b>	<b>10,256</b>	<b>(1,698)</b>	<b>8</b>	<b>20</b>	<b>56</b>	<b>56</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>

**Table 11 - A4 Budgeted Financial Performance (revenue by source and expenditure by type)**

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Revenue By Source</u></b>									
Property rates	3,041	3,002	2,355	2,547	2,547	2,547	5,933	6,253	6,591
Property rates - penalties & collection charges									
Service charges - electricity revenue	-	-	-	-	-	-	19,171	24,744	31,972
Service charges - water revenue	11,800	5,540	2,936	3,230	3,230	3,230	3,868	4,100	4,387
Service charges - sanitation revenue	3,466	3,019	3,165	3,355	3,355	3,355	3,589	3,804	4,071
Service charges - refuse revenue	2,105	2,043	2,121	2,248	2,248	2,248	2,451	2,598	2,780
Service charges - other							-	-	-



Rental of facilities and equipment	-	-	-	331	320	320	247	279	311
Interest earned - external investments							1,100	1,200	1,300
Interest earned - outstanding debtors	-	-	-	167	32	32	-	-	-
Dividends received	-	-	-	10	5	5	5	6	6
Fines	-	-	-	5	5	5	-	-	-
Licences and permits							-	-	-
Agency services							-	-	-
Transfers recognised - operational	18,976	25,769	35,625	35,528	35,528	35,528	41,228	44,234	47,207
Other revenue	1,621	7,781	2,190	1,369	1,601	1,601	5,158	5,227	5,295
Gains on disposal of PPE							-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>41,009</b>	<b>47,154</b>	<b>48,392</b>	<b>48,790</b>	<b>48,871</b>	<b>48,871</b>	<b>82,750</b>	<b>92,444</b>	<b>103,919</b>
<b><u>Expenditure By Type</u></b>									
Employee related costs	16,708	17,795	22,534	25,177	22,972	22,972	26,970	28,562	30,522
Remuneration of councillors	650	3,450	1,564	1,662	1,827	1,827	1,816	1,925	2,060
Debt impairment	993	4,058	3,865	718	718	718	12,199	8,000	7,000
Depreciation & asset impairment	-	-	4,500	1,500	1,500	1,500	1,700	1,800	1,900
Finance charges	-	-	-	48	48	48	70	80	90
Bulk purchases	3,735	5,346	4,721	6,000	6,000	6,000	21,204	26,202	26,752
Other materials									
Contracted services	-	-	-	-	-	-	2,500	2,900	3,200
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	20,171	31,637	23,833	13,663	15,751	15,751	14,355	16,139	17,734
Loss on disposal of PPE									
<b>Total Expenditure</b>	<b>42,257</b>	<b>62,286</b>	<b>61,017</b>	<b>48,768</b>	<b>48,816</b>	<b>48,816</b>	<b>80,813</b>	<b>85,608</b>	<b>89,257</b>
<b>Surplus/(Deficit)</b>	<b>(1,248)</b>	<b>(15,132)</b>	<b>(12,625)</b>	<b>22</b>	<b>55</b>	<b>55</b>	<b>1,937</b>	<b>6,836</b>	<b>14,662</b>
Transfers recognised – capital	-	13,433	12,634	15,597	15,597	15,597	17,803	17,198	18,202
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(1,248)</b>	<b>(1,699)</b>	<b>9</b>	<b>15,619</b>	<b>15,652</b>	<b>15,652</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>(1,248)</b>	<b>(1,699)</b>	<b>9</b>	<b>15,619</b>	<b>15,652</b>	<b>15,652</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to</b>	<b>(1,248)</b>	<b>(1,699)</b>	<b>9</b>	<b>15,619</b>	<b>15,652</b>	<b>15,652</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>



<b>municipality</b>									
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>(1,248)</b>	<b>(1,699)</b>	<b>9</b>	<b>15,619</b>	<b>15,652</b>	<b>15,652</b>	<b>19,739</b>	<b>24,034</b>	<b>32,864</b>

**Table 12 – (A6) Budgeted Financial Position**

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	(10,232)	(11,932)	12,170	12,230	12,230	12,230	12,250	12,300	12,350
Call investment deposits	-	122	132	-	-	-	22,000	22,000	22,000
Consumer debtors	21,114	22,742	-	60,000	60,000	60,000	72,199	68,000	67,000
Other debtors	4,668	17,775	-	9,000	9,000	9,000	-	-	-
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-
Inventory	1,014	1,014	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>16,564</b>	<b>29,721</b>	<b>12,302</b>	<b>81,230</b>	<b>81,230</b>	<b>81,230</b>	<b>106,449</b>	<b>102,300</b>	<b>101,350</b>
<b>Non-current assets</b>									
Long-term receivables	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	34,321	34,452	46,252	57,252	57,252	57,252	69,452	82,452	73,452
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	-	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>34,321</b>	<b>34,452</b>	<b>46,252</b>	<b>57,252</b>	<b>57,252</b>	<b>57,252</b>	<b>69,452</b>	<b>82,452</b>	<b>73,452</b>



<b>TOTAL ASSETS</b>	<b>50,885</b>	<b>64,173</b>	<b>58,554</b>	<b>138,482</b>	<b>138,482</b>	<b>138,482</b>	<b>175,901</b>	<b>184,752</b>	<b>174,802</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	113	113	113	113	113	113	113	113	113
Consumer deposits	351	378	410	490	490	490	-	-	-
Trade and other payables	27,770	45,318	30,000	30,000	30,000	30,000	30,000	20,000	15,000
Provisions	1,285	1,587	2,000	2,200	2,200	2,200	-	-	-
<b>Total current liabilities</b>	<b>29,519</b>	<b>47,396</b>	<b>32,523</b>	<b>32,803</b>	<b>32,803</b>	<b>32,803</b>	<b>30,113</b>	<b>20,113</b>	<b>15,113</b>
<b>Non-current liabilities</b>									
Borrowing	765	651	538	425	425	425	450	495	528
Provisions	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>765</b>	<b>651</b>	<b>538</b>	<b>425</b>	<b>425</b>	<b>425</b>	<b>450</b>	<b>495</b>	<b>528</b>
<b>TOTAL LIABILITIES</b>	<b>30,284</b>	<b>48,047</b>	<b>33,061</b>	<b>33,228</b>	<b>33,228</b>	<b>33,228</b>	<b>30,563</b>	<b>20,608</b>	<b>15,641</b>
<b>NET ASSETS</b>	<b>20,601</b>	<b>16,126</b>	<b>25,493</b>	<b>105,254</b>	<b>105,254</b>	<b>105,254</b>	<b>145,338</b>	<b>164,144</b>	<b>159,161</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	25,356	28,008	28,237	28,306	28,306	28,306	35,000	38,580	45,240
Reserves	4,992	-	-	-	-	-	-	-	-
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>30,348</b>	<b>28,008</b>	<b>28,237</b>	<b>28,306</b>	<b>28,306</b>	<b>28,306</b>	<b>35,000</b>	<b>38,580</b>	<b>45,240</b>

**Table 13 – (A7) Budgeted Cash Flow Statement**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									



<b>Receipts</b>									
Ratepayers and other	22,032	21,384	12,767	13,262	13,262	13,262	40,417	47,005	55,406
Government - operating	18,976	25,769	35,625	35,528	35,528	35,528	41,228	44,234	47,207
Government - capital	-	13,433	12,634	15,598	15,598	15,598	17,803		
Interest	-	-	-	-	-	-	1,100	1,200	1,300
Dividends	-	-	-	-	-	-	5	6	6
	-	-	-	-	-	-	-	-	-
<b>Payments</b>	-	-	-	-	-	-	-	-	-
Suppliers and employees	(42,257)	(48,853)	(48,383)	(48,673)	(48,673)	(48,673)	(80,743)	(85,528)	(89,167)
Finance charges				(48)	(48)	(48)	(70)	(80)	(90)
Transfers and Grants							-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(1,249)</b>	<b>11,733</b>	<b>12,643</b>	<b>15,667</b>	<b>15,667</b>	<b>15,667</b>	<b>19,740</b>	<b>6,836</b>	<b>14,662</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non- current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non- current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non- current investments	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	-	13,433	12,634	15,598	15,598	15,598	(17,803)	(17,198)	(21,202)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-</b>	<b>13,433</b>	<b>12,634</b>	<b>15,598</b>	<b>15,598</b>	<b>15,598</b>	<b>(17,803)</b>	<b>(17,198)</b>	<b>(21,202)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



FINANCING ACTIVITIES									
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1,249)</b>	<b>25,166</b>	<b>25,277</b>	<b>31,265</b>	<b>31,265</b>	<b>31,265</b>	<b>1,937</b>	<b>(10,361)</b>	<b>(6,540)</b>
Cash/cash equivalents at the year begin:	<b>(8,983)</b>	<b>(10,232)</b>	<b>14,934</b>	<b>12,161</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>6,937</b>	<b>(3,424)</b>
Cash/cash equivalents at the year-end:	<b>(10,232)</b>	<b>14,934</b>	<b>40,211</b>	<b>43,426</b>	<b>36,265</b>	<b>36,265</b>	<b>6,937</b>	<b>(3,424)</b>	<b>(9,965)</b>

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipal IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and priorities in the allocation of resources

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were as follows (*refer to the table listed below*):

**REVISED IDP AND BUDGET PROCESS PLAN TIMETABLE FOR 2012/13 MTREF**

TIMEFRAME		OBJECTIVE	ACTIVITY	RESPONSIBILITY	TARGET DATE
(A)	24 January 2012 – 31 January 2012	Revision of and approval by Council of the 2010/2011 adjustments budget.	Revision of the 2010/2011 operational and capital budget.	CFO/ Heads of Departments	25 January 2012
			Compilation of the MFMA Sec 72 Report and submission to the Mayor.	Municipal Manager/ CFO	26 January 2012
			Approval of 2010/2011 adjustments budget by Council.	Municipal Manager/ CFO	31 January 2012
			Tabling of Annual Report in Council.	Municipal Manager/ Mayor	31 January 2012
(B)	1 February 2012 – 25 February 2012	First draft of the operational and capital budget for the 2011/2012 to 2013/2014 financial years consolidated and submitted to the Executive Committee for discussion.	Finance Department to consolidate and prepare the first draft capital and operating budget in the following formats: <ul style="list-style-type: none"> <li>High level consolidated format;</li> <li>Line item budget; and</li> <li>Proposed Tariffs.</li> </ul>	CFO/Manager Accounting/Heads of Departments	18 February 2012
			Outline prioritized development projects and setting of targets and indicators	IDP Rep Forum	18 February 2012
			Alignment priority projects with the National Development Goals & PGDP, District IDP, Municipal Vision, and Objectives & Strategies for 2011/12.	IDP Rep Forum	18 February 2012
			Consolidation of sector input on progress made.	IDP Unit	25 February 2012
			Evaluation of and discussions on first draft budget by Executive Committee in line with operational plans, budget guidelines and IDP.	Municipal Manager/ CFO/ Heads of Departments	25 February 2011





(C)	<b>25 February 2012 – 16 March 2012</b>	Second draft of the operational and capital budget for the 2011/2012 to 2013/2014 financial years consolidated and submitted to the Executive Committee for discussion.	<ul style="list-style-type: none"> <li>First draft budget to Finance Portfolio Committee for discussion.</li> <li>Finance Department to consolidate and prepare the second draft capital and operating budget.</li> <li>Evaluation and finalisation of the draft 2011/2012 to 2013/2014 operational and capital budgets by the Executive Committee.</li> </ul>	CFO/ Municipal Manager  CFO/Manager Accounting/Heads of Departments  Municipal Manager/ CFO	2 March 2012  9 March 2012  16 March 2012
(D)	<b>17 March 2012 – 24 March 2012</b>	Final draft of the operational and capital budgets for the 2011/2012 to 2013/2014 financial years consolidated and tabled in Council.	<ul style="list-style-type: none"> <li>Finance Department to consolidate and prepare the final draft capital and operating budgets.</li> <li>Evaluation of and discussions on final draft capital and operating budget and Draft IDP by Council.</li> </ul>	CFO/Manager Accounting/Heads of Departments  Municipal Manager/ Mayor	17 March 2012  24 March 2012
(E)	<b>25 March – 1 April 2012</b>	Final draft budget circulated to the different Portfolio Committees for comments.	<ul style="list-style-type: none"> <li>Evaluation of and discussions on final draft budget and draft IDP by Portfolio Committees.</li> </ul>	Chairpersons of Portfolio Committees/ Heads of Departments	1 April 2012
(F)	<b>2 April 2012 – 21 April 2012</b>	Draft budget to be consulted with the Community, Stakeholders, District Municipality, Provincial and National Government.	<ul style="list-style-type: none"> <li>Consultation on final draft budget and draft IDP through formal meetings with all possible stakeholders.</li> <li>Consolidation of report on summary of ward needs collected during Ward to Ward IDP Review 2011-12 Outreach Programme &amp; submission to HODs for highlighting priority issues &amp; development of IDP Objectives &amp; Catalytic projects</li> <li>Integrate interdepartmental &amp; sector projects</li> </ul>	Mayor/ Municipal Manager/ CFO  IDP / Budget Steering Committee  CFO/Heads of Departments	21 April 2012  21 April 2012  21 April 2012



			<p>with their budget provision (consolidation of annual Budget &amp; IDP Review 2011-11 document)</p> <ul style="list-style-type: none"> <li>Evaluation of service delivery achievement and identification of gaps.</li> </ul>	IDP / Budget Committee	21 April 2012
(G)	<b>22 April 2012– 4 May 2012</b>	Final draft of the operational and capital budgets for the 2011/2012 to 2013/2014 financial years consolidated and submitted to the Executive Committee for discussion.	<ul style="list-style-type: none"> <li>Finance Department to consolidate and prepare the final draft capital and operating budgets.</li> <li>Evaluation of and discussions on final draft by Executive Committee.</li> </ul>	CFO/Heads of Departments  Municipal Manager/ CFO	29 April 2012  4 May 2012
(H)	<b>5 May 2012 – 13 May 2012</b>	Final draft of the operational and capital budgets for the 2011/2012 to 2013/2014 financial years consolidated and submitted to the Council for approval.	<ul style="list-style-type: none"> <li>Finance Department to consolidate and prepare the final capital and operating budgets.</li> <li>Adoption of budget and IDP by Council.</li> </ul>	CFO/Heads of Departments  Municipal Manager/ Mayor	6 May 2012  13 May 2012
(I)	<b>14 May 2012 – 14 June 2012</b>	Submission of approved operational and capital budget for the 2011/2012 to 2013/2014 financial years to National Treasury.	<ul style="list-style-type: none"> <li>Finance Department to submit approved budget to Provincial Treasury and National Treasury.</li> </ul>	CFO	14 June 2012
(J)	<b>14 May 2012 – 30 June 2012</b>	Preparations for implementation of the approved Budget.	<ul style="list-style-type: none"> <li>Finance Department to finalise all preparations to ensure proper and timeous implementation of budget, including promulgation of tariffs</li> <li>Municipal Manager to submit draft SDBIP's and draft performance agreements of all section 57 personnel to Mayor.</li> <li>Mayor to approve SDBIP's and note performance agreements.</li> </ul>	CFO  Municipal Manager  Municipal Manager/ Mayor	30 June 2012  31 May 2012 or 14 days after approval of budget  14 June 2012 or 14 days after receiving



### 2.1.2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury.

### 2.1.3 IDP and Service Delivery and Budget Implementation Plan

This is a newly designed IDP, resulted from the public participation processes that will be valid for the years 2012/13 to 2016/17. It started in September after the tabling of the IDP process plan and the budget time schedules for the 2012/13 MTREF in August 2011.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The process plan applicable to fourth revision cycle include the following key IDP processes and deliverables

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP; and
- The review of the performance management and monitoring system.

The IDP has been taken into a business and financial planning process leading to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year review and adjustment budget. The business planning process has subsequently been refined in the light of the current economic circumstances and the revenue projections.

With the compilation of the 2012/13 MTREF, each department /function had to review their business planning process, including setting of priorities and targets after reviewing the mid-year and third

quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan .Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and the three year capital programme.

#### **2.1.4 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF.

- Growth and Development in the municipal area;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom/Centlec increases, household's debt, migration patterns);
- Performance trends;
- The approved 2011/12 adjustment budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels
- Loan and investment possibilities;
- The need for tariff increase versus the ability of the communities to pay for services;
- Improved and sustainable service delivery;
- Situational analysis performed during the IDP compilations which includes statistical information (e.g. Population, unemployment rate, etc.)

In addition, the strategic guideline given in the National Treasury's MFMA circulars 58 and 59 has been factored into the planning and prioritisation process

## **2.2 Overview of budget related-policies**

The Municipal budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. Listed below are policies attached as annexure B and had been either developed or reviewed to be implementation with effect from 1 July 2012:

- Supply Chain Management Policy
- Municipal Rates Policy

- Tariffs Policy
- Credit Control and Debt Collection Policy
- Municipal Banking and Investment Policy
- External Loans Policy
- Bad debts and write off Policy
- Virement Policy

### 2.3 Municipal Managers Quality Certificate.

I **Amos Goliath** acting municipal manager of Naledi Local Municipality, hereby certify that the Draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

**Acting Municipal Manager of  
Naledi Local Municipality (FS164)**

Signature \_\_\_\_\_

Date \_\_\_\_\_

## ANNEXURE C

### TARIFFS 2012 - 2013

Item No	Description	Tariffs July 2011-2012	Tariffs July 2012 - 2013
1.	<b>Assesment Rates</b>		
	Domestic(residential)		
	Land		
	Improvements		
	Government,Businees & other		
	Land		
	Improvements		
	Rebate % - Government		
	<b>Site Levies (owned by municipality)</b>		
	Site levy all towns		
	Empty erven		
	RESIDENTIAL	0.011	0.01166
	All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. <b>For the 2009/2010 financial year the maximum reduction is determined as R35 000.</b> The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R20 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.		
	<u>Retired and Disabled Persons Rate Rebate.</u> For the 2009/2010 financial year the total monthly income and corresponding rebate is determined as follows:-		
	R0 to R2 500 per month - 100%		
	R2 501 to R5 000 per month - 50%		
	R5 001 to R8 000 per month - 20%		
	Indigent owners and child headed families will receive a 100% rebate from rates		
	BUSINESS/INDUSTRIAL/COMMERCIAL	0.011	0.01166

	STATE OWNED-GOVERNMENT	0.022	0.02332
	Ratio 1:2 - State owned properties, including all agricultural properties(farms) owned any sphere of government, shall be levied 2 x the rate of domestic properties.		
	AGRICULTURAL	0.0006875	0.0014575
	<u>Standard rebate to all agricultural properties</u>		
	- Ratio of 1:0.25 (75% rebate) on tariff of R0.0110 as promulgated by the Minister of Provincial and Local Government		
	<u>Additional rebnate if qualified and applied for</u>		
	- 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants		
	- 2,5% if such residential properties are provided with potable water.		
	- 2,5% if the farmer for the farm workers electrifies such residential properties.		
	- 2,5% for the provision of land for burial to own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms.		
2.	<b>Administration</b>		
	Building plan fees (Extentions)	76.97	82.00
	Building plan fees (New Buildings)	76.97	82.00
	Tax certificate	76.97	82.00
	Valuation certificates	76.97	82.00
	Photostats	1.78	2.00
	Faxes : Receive	2.65	3.00
	Send:	R9+R2/P	R10+R2/P
	Posters deposit	117.87	125.00
	Advertisement board on encroachments p/a	353.60	375.00
	Business license p/a	117.87	125.00
	Clearance certificates	117.46	125.00
	<b>Tender Document</b>		
	Tender below R 500, 000.00	371.00	394.00
	Tender above R 500, 000.00	636.00	675.00
	Data base regustration	159.00	169.00
	Proof of residents letter	9.00	10.00
3.	<b>Sportgrounds, Parks and Cemetaries</b>		
	<b>Grave Fees</b>		
	Per site: Former Towns	618.21	655.00

	Per site: grave digging(Morojaneng)	123.64	131.00
	Site @ Dewetsdorp ; Wepener		
	Digging of grave	833.46	883.00
	Opening of grave	833.46	883.00
	Payment to contractor	618.79	656.00
	<b>Sportgrounds</b>		
	Rent sport grounds:	618.21	655.00
4.	<b>Library</b>		
	Fines/Penalty per week	12.38	13.12
	Lost book each	117.87	125.00
5.	<b>Fire Brigade</b>		
	Call out		
6.	<b>Properties</b>		
	Camps	4000p/a per camp minimum of 5000	
	Cow( including calf)	42.40	45.00
	Horse( including Colt/Foal)	58.30	62.00
	Sheep( including lamp)	37.10	40.00
	Goat(including young Goat/Kit )	31.80	34.00
	Biological Assets disposal	636.00	675.00
	Private rental - Mc Donald and 20 Spiessstreet (garden service included)	1 256.81	1 332.00
	Private rental - 16 Spiessstreet		
	Private rental - 18 Spiessstreet		
	Personnel Housing - If qualified (Postlevel 1-6)		
	Municipal flat	600	636.00
	Municipal House	950	1 007.00
	<i>Conference</i>		
	Showgrounds		
	Swimming pools		
	Old municipal buildings		



	<b>Dewetsdorp (Flats)</b>		
	Vodacom/MTN		
<b>7.</b>	<b>Public Works</b>		
	General workman per hour - Supervisor	99.38	105.00
	General workman per hour	3.73	4.00
	Illegal dumping on pavement - per load	198.76	211.00
	Garden refuse removal - per load		
	Construction equipment - per hour (fuel included)	372.67	395.00
	Transport - per kilometer (load km)	18.63	20.00
	Clearing of erven with machinery - per erf per hour (min: 1 hour)	211.18	224.00
	Whole area - Per hand per square meter (Not removal)	1.24	1.32
	GRAVEL		
<b>8.</b>	<b>Licences per annum</b>		
	Business Licences	186.34	198.00
	Informal tuck shop	62.11	66.00
	Street hawker	13.66	15.00
<b>9.</b>	<b>City Hall and Offices</b>		
	<b>Rental Town Hall</b>		
	<b>Wepener</b>		
	Side Hall	157.62	167.08
	Main hall	315.24	334.15
	Kitchen and cutlery	229.26	243.02
	Table and Chair	265.00	280.90
	All	716.45	759.44
	<b>Qibing &amp; Ebenhaeserhoogte halls</b>		
	Friday - Sunday	186.28	197.45
	Monday - Thursday	186.28	197.45
	<b>Mapuding hall</b>		
	<b>Dewetsdorp</b>		
	Rental Town Hall		
	Side Hall	157.62	167.08
	Main hall	315.24	334.15
	Halls for churches	127.20	134.83

	Kitchen and cutlery	229.26	243.02
	Table and Chair	265.00	280.90
	All	716.45	759.44
	<b>Morojaneng Hall</b>		
	Rental	169.34	179.50
	<b>Vanstadensrus</b>		
	Hire: Community hall	186.28	197.45
	Refundable deposit payable on all cutlery hire	651.32	690.40
	<b>Deposits</b>		
	<i>Wepener</i>		
	City Hall	976.98	1 035.60
	Annex and kitchen	358.23	379.72
	<b>Ebenhaezerhoogte/Qibing Halls</b>	651.32	690.40
	<b>Dewetsdorp</b>		
	Morojaneng Hall -	651.32	690.40
	Morojaneng Hall - Non residents	651.32	690.40
	Dewetsdorp Town Hall	976.98	1 035.60
	<b>Van Stadensrus</b>	651.32	690.40
<b>10.</b>	<b><i>Sewerage and Sanitation</i></b>		
	1) Domestic Houses, Churches, Flats & Suction (Houses) - DOM	50.87	55.45
	2) Business, Offices & Suction - BUS	90.27	98.39
	3) School - SCH	2579.22	2 811.35
	4) Correctional Services - CORR	2149.35	2 342.79
	5) SAPS, Hotel & Guest House - SAP	967.21	1 054.26
	6) Big Business - BBUS	203.47	221.78
	7) Retirement Home - OLD	398.35	434.20
	8) Sport Clubs, Spoornet - DEPT	97.44	106.21
	<b>New Connections</b>		
	New connections - private		
	New connections - other		
	<b>public works</b>		
	fines	530.00	561.80
<b>11.</b>	<b><i>Refuse Removal</i></b>		
	1) Domestic Houses, Departmental & Sport Clubs - DOM	40.84	43.29

	2) Business, Shops, Spoornet & Boarding House - BUS	114.63	121.51
	3) Big Business, Correctional Service, SAPS & Hostel - BBUS	361.09	382.76
	4) Offices - OFF	63.05	66.83
	5) School - SCH	226.40	239.98
<b>12</b>	<b><i>WATER CONSUMPTION</i></b>		
	<b>Consumers</b>		
	Service levy	16.53	18.02
	Service levy – Commerce, government, sport & schools	97.67	106.46
	Per Kl usage ( 1 -6)	-	-
	Per Kl usage (>6 Kl -30Kl)	8.20	8.93
	>30kL + COMMERCE,GOVERNMENT	8.77	9.56
	<b>CONTRACTORS</b>		
	<b>BREAKAGE</b>		
	<b>BREAKAGE UNREPORTED</b>		
	<b>Sport Clubs and Departmental</b>		
	Per Kl usage	7.79	8.49
	<b>Irrigation</b>		
	Flood irrig / cycle - V/Stadensrus	18.78	20.47
	<b>Lost Water Tokens</b>	273.19	297.78
	<b>Connections</b>		
	Reconnection - 1 st	187.82	204.72
	Reconnection - 2 nd	450.77	491.34
	Reconnection - 3 rd	901.54	982.68
	New connections		
	Test meter	225.38	245.67
	<b>Private Work</b>		
	Labour per hour - Supervisor	99.34	108.28
	Labour per hour - General worker	55.88	60.91
	Saturday and weekdays - after hours		
	Public holidays, sundays		
	Material costs		
<b>13.</b>	<b><i>Travel and Subsistence</i></b>		
	Vehicle running cost	2.14	2.27
	Day allowance - councillors	The S&T rates	The S&T rates

14.	- officials	shall be as per	shall be as per
	Accommodation - overnight maximum self catering/n	approved	approved
	- Hotel / night maximum	approved	approved
	(accommodation includes dinner except where it is not part of the reservation. Receipts for expenses on meals must be submitted)	S&T policy of the municipality	S&T policy of the municipality
	<b>Expenditure Tariffs</b>		
	<b>Cellphones allowance</b>		
	Councilors	The cellular phone allowances	The cellular phone allowances
	Mayor	of councilors shall be per	of councilors shall be per
	Municipal manager	Remuneration of Office Bearers Act.	Remuneration of Office Bearers Act.
	HOD/Directors - Section 56 Managers	1 272.00	1 348.32
	Manager reporting directly to HOD	1 060.00	1 123.60
	Assistant Managers	848.00	898.88
	Supervisors/PA	689.00	730.34
	other officials	265.00	280.90
15.	<b>New accounts</b>		
	Deposit	218.00	231.00

## Electricity Tariffs

Naledi Summary Page							
Account							
	De Wetsdorp	Van Stadensrust	Wepener	Township	Total	Acc Inc	Tariff Inc
2007 - 2008	R 2 700 255	R 281 696	R 1 181 061	R 149 240	R 4 312 252		
2008 - 2009	R 3 754 444	R 369 791	R 1 547 691	R 241 352	R 5 913 279	37.13%	35.90%
2009 - 2010	R 4 784 483	R 540 532	R 2 052 901	R 383 838	R 7 761 754	31.26%	31.30%
2010 - 2011	R 6 444 878	R 701 143	R 2 564 360	R 471 173	R 10 181 554	31.18%	24.80%
2011 - 2012	R 8 361 337	R 893 822	R 3 203 367	R 746 336	R 13 204 861	29.69%	25.80%
2012 - 2013	R 11 046 070	R 1 145 687	R 4 033 039	R 1 127 126	R 17 351 922	31.41%	25.90%
2013 - 2014	R 14 593 085	R 1 468 572	R 5 077 596	R 1 705 952	R 22 845 205	31.66%	25.90%

29.74%

27.48%

24.92%

58.40%

29.69%

**Energy**

	De Wetsdorp	Van Stadensrust	Wepener	Township	Total	Acc Inc
<b>2007 - 2008</b>	10 947 415	1 129 532	4 833 589	500 683	17 411 219	
<b>2008 - 2009</b>	11 243 843	1 096 479	4 650 764	620 828	17 611 914	1.15%
<b>2009 - 2010</b>	10 580 765	1 145 976	4 638 876	653 148	17 018 765	- 3.37%
<b>2010 - 2011</b>	11 061 743	1 164 827	4 520 217	779 893	17 526 680	2.98%
<b>2011 - 2012</b>	11 614 830	1 188 124	4 520 217	953 921	18 277 092	4.28%
<b>2012 - 2013</b>	12 195 571	1 211 886	4 520 217	1 154 245	19 081 919	4.40%
<b>2013 - 2014</b>	12 805 350	1 236 124	4 520 217	1 396 636	19 958 327	4.59%
	5.00%	2.00%	0.00%	21.00%	4.28%	

**Demand**

	De Wetsdorp	Van Stadensrust	Wepener	Township
<b>2007 - 2008</b>	2 611.17	293.71	1 160.37	212.45
<b>2008 - 2009</b>	2 519.03	305.43	1 036.30	236.40
<b>2009 - 2010</b>	2 451.33	298.75	976.03	208.77
<b>2010 - 2011</b>	2 544.70	290.80	950.87	266.69
<b>2011 - 2012</b>	2 646.49	290.80	950.87	341.36
<b>2012 - 2013</b>	2 752.35	290.80	950.87	436.94
<b>2013 - 2014</b>	2 862.44	290.80	950.87	559.29
	4.00%	0.00%	0.00%	28.00%